

AMENDED IN SENATE AUGUST 25, 2004
AMENDED IN SENATE AUGUST 23, 2004
AMENDED IN SENATE JULY 21, 2004
AMENDED IN SENATE JUNE 21, 2004
AMENDED IN ASSEMBLY MAY 12, 2004
AMENDED IN ASSEMBLY APRIL 13, 2004
AMENDED IN ASSEMBLY MARCH 26, 2004
AMENDED IN ASSEMBLY MARCH 22, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1839

Introduced by Assembly Member Montanez
(Coauthor: Assembly Member Maddox)
(Coauthor: Senator Escutia)

January 22, 2004

An act to amend Sections 2982 and 2982.5 of, and to add Sections 2982.2 and 2982.10 to, the Civil Code, to add Section 6012.3 to the Revenue and Taxation Code, and to amend Sections 11709.2 and 11713.1 of, and to add Section 11713.16 to, the Vehicle Code, relating to consumers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1839, as amended, Montanez. Motor vehicle sale contracts: cooling off period.

Existing law governs motor vehicle conditional sale contracts, as defined. These provisions require sellers of motor vehicles to make certain disclosures to buyers, including that existing law does not provide for a “cooling off” period, or an opportunity for a purchaser to cancel the contract for any reason within a specified time period, with respect to a conditional sale contract for the purchase of a motor vehicle. A violation of these provisions is a misdemeanor.

This bill would enact the Car Buyer’s Bill of Rights. The bill would provide that purchasers of used cars may cancel the motor vehicle sale contract within 3 days of delivery of the motor vehicle, under specified conditions, or during a longer period set forth in the sale contract, as specified, and may obtain a refund from the seller, as defined. The bill would require the sale contract to contain a specified statement in that regard, and, as applicable to a new or used motor vehicle sale contract, statements relating to credit scores and aftermarket items, as specified. Because a violation of these provisions would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

Existing law makes it a violation of the Vehicle Code, punishable as a misdemeanor, for the holder of a dealer’s license to do, or fail to do, specified actions with regard to the advertising and sale of motor vehicles.

This bill would expand those provisions to define a “certified” used motor vehicle and to prohibit a dealer from advertising or selling that vehicle as “certified,” or as described using similar terms to imply that the seller has inspected the vehicle and has corrected any defects found, unless it comes within that definition and meets specified criteria. Because the violation of these provisions would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

This bill would further provide with respect to a car loan, conditional sale contract, or any other mode of vehicle purchase financing, that a seller provide a buyer with specified information regarding his or her credit score, and would prohibit markup of the finance charge rate above an unspecified limit, as specified. The bill would also prohibit adding charges to a sales or lease contract without the buyer’s consent and would prohibit inflating a payment or extending the maturity of contract for the purpose of disguising the actual charges for goods or services. Because the willful violation of these provisions would be a



misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) This act shall be known and may be cited as
2 the “Car Buyer’s Bill of Rights.”
3 (b) It is the intent of the Legislature to place limits and
4 restrictions on motor vehicle dealers licensed pursuant to Article
5 1 (commencing with Section 11700) of Chapter 4 of Division 5 of
6 the Vehicle Code. Nothing in this act is intended to change or limit
7 the rights or defenses available under current law to an assignee
8 who obtains a conditional sales contract for value without notice
9 of any claim or defense against him or her by any other person.
10 SEC. 2. Section 2982 of the Civil Code is amended to read:
11 2982. Every conditional sale contract subject to this chapter
12 shall contain the disclosures required by Regulation Z, whether or
13 not Regulation Z applies to the transaction. In addition, to the
14 extent applicable, the contract shall contain the other disclosures
15 and notices required by, and shall satisfy the requirements and
16 limitations of, this section. The disclosures required by
17 subdivision (a) may be itemized or subtotaled to a greater extent
18 than as required by that subdivision, and shall be made together
19 and in the sequence set forth in that subdivision. All other
20 disclosures and notices may appear in the contract in any location
21 or sequence and may be combined or interspersed with other
22 provisions of the contract.
23 (a) The contract shall contain the following disclosures, as
24 applicable, which shall be labeled “itemization of the amount
25 financed”:
26 (1) (A) The cash price, exclusive of document preparation
27 fees, taxes imposed on the sale, pollution control certification fees,

- 1 prior credit or lease balance on property being traded in, and the
2 amount charged for a service contract.
- 3 (B) The fee to be retained by the seller for document
4 preparation.
- 5 (C) The fee charged by the seller for certifying that the motor
6 vehicle complies with applicable pollution control requirements.
- 7 (D) Taxes imposed on the sale.
- 8 (E) The amount of any optional business partnership
9 automation fee to register or transfer the vehicle, which shall be
10 labeled "Optional DMV Electronic Filing Fee."
- 11 (F) The amount charged for a service contract.
- 12 (G) The prior credit or lease balance remaining on property
13 being traded in, as required by paragraph (6). The disclosure
14 required by this subparagraph shall be labeled "prior credit or
15 lease balance (see downpayment and trade-in calculation)."
- 16 (H) Any charge for an optional debt cancellation agreement.
- 17 (I) The total cash price, which is the sum of subparagraphs (A)
18 to (H), inclusive.
- 19 (2) Amounts paid to public officials for all of the following:
- 20 (A) Vehicle license fees.
- 21 (B) Registration, transfer, and titling fees.
- 22 (C) California tire fees imposed pursuant to Section 42885 of
23 the Public Resources Code.
- 24 (3) The aggregate amount of premiums agreed, upon execution
25 of the contract, to be paid for policies of insurance included in the
26 contract, excluding the amount of any insurance premium
27 included in the finance charge.
- 28 (4) The amount of the state fee for issuance of a certificate of
29 compliance, noncompliance, exemption, or waiver pursuant to
30 any applicable pollution control statute.
- 31 (5) A subtotal representing the sum of the foregoing items.
- 32 (6) The amount of the buyer's downpayment itemized to show
33 all of the following, as applicable:
- 34 (A) The agreed value of the property being traded in.
- 35 (B) The prior credit or lease balance, if any, owing on the
36 property being traded in.
- 37 (C) The net agreed value of the property being traded in, which
38 is the difference between the amounts disclosed in subparagraphs
39 (A) and (B). If the prior credit or lease balance of the property

1 being traded in exceeds the agreed value of the property, a negative
2 number shall be stated.

3 (D) The amount of any portion of the downpayment to be
4 deferred until not later than the due date of the second regularly
5 scheduled installment under the contract and which is not subject
6 to a finance charge.

7 (E) The amount of any manufacturer's rebate applied or to be
8 applied to the downpayment.

9 (F) The remaining amount paid or to be paid by the buyer as a
10 downpayment.

11 (G) The total downpayment. If the sum of subparagraphs (C)
12 to (F), inclusive, is zero or more, that sum shall be stated as the total
13 downpayment and no amount shall be stated as the prior credit or
14 lease balance under subparagraph (G) of paragraph (1). If the sum
15 of subparagraphs (C) to (F), inclusive, is less than zero, then that
16 sum, expressed as a positive number, shall be stated as the prior
17 credit or lease balance under subparagraph (G) of paragraph (1),
18 and zero shall be stated as the total downpayment. The disclosure
19 required by this subparagraph shall be labeled "total
20 downpayment" and shall contain a descriptor indicating that if the
21 total downpayment is a negative number, a zero shall be disclosed
22 as the total downpayment and a reference made that the remainder
23 shall be included in the disclosure required pursuant to
24 subparagraph (G) of paragraph (1).

25 (7) The amount of any administrative finance charge, labeled
26 "prepaid finance charge."

27 (8) The difference between item (5) and the sum of items (6)
28 and (7), labeled "amount financed."

29 (b) No particular terminology is required to disclose the items
30 set forth in subdivision (a) except as expressly provided in that
31 subdivision.

32 (c) If payment of all or a portion of the downpayment is to be
33 deferred, the deferred payment shall be reflected in the payment
34 schedule disclosed pursuant to Regulation Z.

35 (d) If the downpayment includes property being traded in, the
36 contract shall contain a brief description of that property.

37 (e) The contract shall contain the names and addresses of all
38 persons to whom the notice required under Section 2983.2 and
39 permitted under Sections 2983.5 and 2984 is to be sent.

1 (f) (1) If the contract includes a finance charge determined on
2 the precomputed basis, the contract shall identify the method of
3 computing the unearned portion of the finance charge in the event
4 of prepayment in full of the buyer's obligation and contain a
5 statement of the amount or method of computation of any charge
6 that may be deducted from the amount of any unearned finance
7 charge in computing the amount that will be credited to the
8 obligation or refunded to the buyer. The method of computing the
9 unearned portion of the finance charge shall be sufficiently
10 identified with a reference to the actuarial method if the
11 computation will be under that method. The method of computing
12 the unearned portion of the finance charge shall be sufficiently
13 identified with a reference to the Rule of 78's, the sum of the digits,
14 or the sum of the periodic time balances method in all other cases,
15 and those references shall be deemed to be equivalent for
16 disclosure purposes.

17 (2) If the contract includes a finance charge which is
18 determined on the simple-interest basis but provides for a
19 minimum finance charge in the event of prepayment in full, the
20 contract shall contain a statement of that fact and the amount of the
21 minimum finance charge or its method of calculation.

22 (g) (1) If the contract includes a finance charge which is
23 determined on the precomputed basis and provides that the
24 unearned portion of the finance charge to be refunded upon full
25 prepayment of the contract is to be determined by a method other
26 than actuarial, the contract shall contain a notice, in at least
27 10-point boldface type if the contract is printed, reading as
28 follows: "Notice to buyer: (1) Do not sign this agreement before
29 you read it or if it contains any blank spaces to be filled in. (2) You
30 are entitled to a completely filled-in copy of this agreement. (3)
31 You can prepay the full amount due under this agreement at any
32 time and obtain a partial refund of the finance charge if it is one
33 dollar (\$1) or more. Because of the way the amount of this refund
34 will be figured, the time when you prepay could increase the
35 ultimate cost of credit under this agreement. (4) If you default in
36 the performance of your obligations under this agreement, the
37 vehicle may be repossessed and you may be subject to suit and
38 liability for the unpaid indebtedness evidenced by this
39 agreement."



(2) If the contract includes a finance charge which is determined on the precomputed basis and provides for the actuarial method for computing the unearned portion of the finance charge upon prepayment in full, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: “Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time and obtain a partial refund of the finance charge if it is one dollar (\$1) or more. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement.”

(3) If the contract includes a finance charge which is determined on the simple-interest basis, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: “Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement.”

(h) The contract shall contain a notice in at least 8-point boldface type, acknowledged by the buyer, that reads as follows:

“If you have a complaint concerning this sale, you should try to resolve it with the seller.

Complaints concerning unfair or deceptive practices or methods by the seller may be referred to the city attorney, the district attorney, or an investigator for the Department of Motor Vehicles, or any combination thereof.

After this contract is signed, the seller may not change the financing or payment terms unless you agree in writing to the change. You do not have to agree to any change, and it is an unfair or deceptive practice for the seller to make a unilateral change.

1 _____
2 Buyer's Signature"
3

4 (i) (1) The contract shall contain an itemization of any
5 insurance included as part of the amount financed disclosed
6 pursuant to paragraph (3) of subdivision (a) and of any insurance
7 included as part of the finance charge. The itemization shall
8 identify the type of insurance coverage and the premium charged
9 therefor, and, if the insurance expires before the date of the last
10 scheduled installment included in the repayment schedule, the
11 term of the insurance shall be stated.

12 (2) If any charge for insurance, other than for credit life or
13 disability, is included in the contract balance and disbursement of
14 any part thereof is to be made more than one year after the date of
15 the conditional sale contract, any finance charge on the amount to
16 be disbursed after one year shall be computed from the month the
17 disbursement is to be made to the due date of the last installment
18 under the conditional sale contract.

19 (j) (1) Except for contracts in which the finance charge or
20 portion thereof is determined by the simple-interest basis and the
21 amount financed disclosed pursuant to paragraph (8) of
22 subdivision (a) is more than two thousand five hundred dollars
23 (\$2,500), the dollar amount of the disclosed finance charge may
24 not exceed the greater of:

25 (A) (i) One and one-half percent on so much of the unpaid
26 balance as does not exceed two hundred twenty-five dollars
27 (\$225), $1\frac{1}{6}$ percent on so much of the unpaid balance in excess of
28 two hundred twenty-five dollars (\$225) as does not exceed nine
29 hundred dollars (\$900) and five-sixths of 1 percent on so much of
30 the unpaid balance in excess of nine hundred dollars (\$900) as does
31 not exceed two thousand five hundred dollars (\$2,500); or

32 (ii) One percent of the entire unpaid balance; multiplied in
33 either case by the number of months (computed on the basis of a
34 full month for any fractional month period in excess of 15 days)
35 elapsing between the date of the contract and the due date of the
36 last installment; or

37 (B) If the finance charge is determined by the precomputed
38 basis, twenty-five dollars (\$25); or

39 (C) If the finance charge or a portion thereof is determined by
40 the simple-interest basis:

1 (i) Twenty-five dollars (\$25) if the unpaid balance does not
2 exceed one thousand dollars (\$1,000).

3 (ii) Fifty dollars (\$50) if the unpaid balance exceeds one
4 thousand dollars (\$1,000) but does not exceed two thousand
5 dollars (\$2,000).

6 (iii) Seventy-five dollars (\$75) if the unpaid balance exceeds
7 two thousand dollars (\$2,000).

8 (2) The holder of the contract may not charge, collect, or
9 receive a finance charge which exceeds the disclosed finance
10 charge, except to the extent (A) caused by the holder's receipt of
11 one or more payments under a contract which provides for
12 determination of the finance charge or a portion thereof on the
13 365-day basis at a time or times other than as originally scheduled
14 whether or not the parties enter into an agreement pursuant to
15 Section 2982.3, (B) permitted by paragraph (2), (3), or (4) of
16 subdivision (c) of Section 226.17 of Regulation Z, or (C) permitted
17 by subdivisions (a) and (c) of Section 2982.8.

18 (3) If the finance charge or a portion thereof is determined by
19 the simple-interest basis and the amount of the unpaid balance
20 exceeds five thousand dollars (\$5,000), the holder of the contract
21 may, in lieu of its right to a minimum finance charge under
22 subparagraph (C) of paragraph (1), charge, receive, or collect on
23 the date of the contract an administrative finance charge not to
24 exceed seventy-five dollars (\$75), provided that the sum of the
25 administrative finance charge and the portion of the finance charge
26 determined by the simple-interest basis shall not exceed the
27 maximum total finance charge permitted by subparagraph (A) of
28 paragraph (1). Any administrative finance charge which is
29 charged, received, or collected by a holder shall be deemed a
30 finance charge earned on the date of the contract.

31 (4) If a contract provides for unequal or irregular payments, or
32 payments on other than a monthly basis, the maximum finance
33 charge shall be at the effective rate provided for in paragraph (1),
34 having due regard for the schedule of installments.

35 (k) The contract may provide that for each installment in
36 default for a period of not less than 10 days the buyer shall pay a
37 delinquency charge in an amount not to exceed in the aggregate 5
38 percent of the delinquent installment, which amount may be
39 collected only once on any installment regardless of the period
40 during which it remains in default. Payments timely received by

1 the seller under an extension or deferral agreement may not be
2 subject to a delinquency charge unless the charge is permitted by
3 Section 2982.3. The contract may provide for reasonable
4 collection costs and fees in the event of delinquency.

5 (l) Notwithstanding any provision of a contract to the contrary,
6 the buyer may pay at any time before maturity the entire
7 indebtedness evidenced by the contract without penalty. In the
8 event of prepayment in full, all of the following apply, as
9 applicable:

10 (1) If the finance charge was determined on the precomputed
11 basis, the amount required to prepay the contract shall be the
12 outstanding contract balance as of that date, provided, however,
13 that the buyer shall be entitled to a refund credit in the amount of
14 the unearned portion of the finance charge, except as provided in
15 paragraphs (3) and (4). The amount of the unearned portion of the
16 finance charge shall be at least as great a proportion of the finance
17 charge, including any additional finance charge imposed pursuant
18 to Section 2982.8 or other additional charge imposed because the
19 contract has been extended, deferred, or refinanced, as the sum of
20 the periodic monthly time balances payable more than 15 days
21 after the date of prepayment bears to the sum of all the periodic
22 monthly time balances under the schedule of installments in the
23 contract or, if the contract has been extended, deferred, or
24 refinanced, as so extended, deferred, or refinanced. If the amount
25 of the refund credit is less than one dollar (\$1), no refund credit
26 need be made by the holder. Any refund credit may be made in cash
27 or credited to the outstanding obligations of the buyer under the
28 contract.

29 (2) If the finance charge or a portion thereof was determined on
30 the simple-interest basis, the amount required to prepay the
31 contract shall be the outstanding contract balance as of that date,
32 including any earned finance charges which are unpaid as of that
33 date and, if applicable, the amount provided in paragraph (3), and
34 provided further that in cases where a finance charge is determined
35 on the 365-day basis, the payments theretofore received will be
36 assumed to have been received on their respective due dates
37 regardless of the actual dates on which the payments were
38 received.

39 (3) Where the minimum finance charge provided by
40 subparagraph (B) or subparagraph (C) of paragraph (1) of

subdivision (j), if either is applicable, is greater than the earned finance charge as of the date of prepayment, the holder shall be additionally entitled to the difference.

(4) The provisions of this subdivision may not impair the right of the seller or the seller's assignee to receive delinquency charges on delinquent installments and reasonable costs and fees as provided in subdivision (k) or extension or deferral agreement charges as provided in Section 2982.3.

(5) Notwithstanding any provision of a contract to the contrary, whenever the indebtedness created by any contract is satisfied prior to its maturity through surrender of the motor vehicle, repossession of the motor vehicle, redemption of the motor vehicle after repossession, or any judgment, the outstanding obligation of the buyer shall be determined as provided in paragraph (1) or (2). Notwithstanding, the buyer's outstanding obligation shall be computed by the holder as of the date the holder recovers the value of the motor vehicle through disposition thereof or judgment is entered or, if the holder elects to keep the motor vehicle in satisfaction of the buyer's indebtedness, as of the date the holder takes possession of the motor vehicle.

(m) Notwithstanding any other provision of this chapter to the contrary, any information required to be disclosed in a conditional sale contract under this chapter may be disclosed in any manner, method, or terminology required or permitted under Regulation Z, as in effect at the time that disclosure is made, except as permitted by paragraph (2) of subdivision (c) of Section 226.18 of Regulation Z, provided that all of the requirements and limitations set forth in subdivision (a) of this section are satisfied. This chapter does not prohibit the disclosure in that contract of additional information required or permitted under Regulation Z, as in effect at the time that disclosure is made.

(n) If the seller imposes a fee for document preparation, the contract shall contain a disclosure that the fee is not a governmental fee.

(o) A seller may not impose an application fee for a transaction governed by this chapter.

(p) The seller or holder may charge and collect a fee not to exceed fifteen dollars (\$15) for the return by a depository institution of a dishonored check, negotiated order of withdrawal, or share draft issued in connection with the contract, if the contract

so provides or if the contract contains a generalized statement that the buyer may be liable for collection costs incurred in connection with the contract.

(q) The contract shall disclose on its face, by printing the word “new” or “used” within a box outlined in red, that is not smaller than one-half inch high and one-half inch wide, whether the vehicle is sold as a new vehicle, as defined in Section 430 of the Vehicle Code, or a used vehicle, as defined in Section 665 of the Vehicle Code.

(r) The contract shall contain a notice with a heading in at least 12-point bold type and the text in at least 10-point bold type, circumscribed by a line, immediately above the contract signature line, that reads as follows:

THERE IS A 3-DAY COOLING OFF PERIOD FOR SALES OF
USED VEHICLES, EXCEPT RECREATIONAL VEHICLES,
CONSIGNMENT SALES, OR VEHICLES SOLD “AS IS.”
California law provides for a “cooling off” or cancellation period
for sales of used vehicles, except recreational vehicles, consignment
sales, or vehicles sold “as is,” if the vehicle is returned in
substantially the same condition within 3 days and has been
driven no more than 250 miles.
THERE IS NO COOLING OFF PERIOD
FOR SALES OF NEW VEHICLES
California law does not provide for a “cooling off” or other
cancellation period for sales of NEW vehicles. Therefore, you cannot
later cancel a contract to purchase a new vehicle simply because you
changed your mind, decided the vehicle cost too much, or wished you
had acquired a different vehicle. After you sign below, you may only
cancel this contract with the agreement of the seller or for legal cause,
such as fraud.

SEC. 3. Section 2982.2 is added to the Civil Code, to read:

2982.2. (a) (1) Notwithstanding Section 2982 or any other provision of law, the buyer of any used motor vehicle has the right to cancel a motor vehicle sale contract, including a conditional sale

1 contract as defined in Section 2982, until the later of, (A) the close
2 of the seller's place of business on the third day after delivery of
3 the vehicle, provided that the vehicle is not a consignment sale, the
4 vehicle is not being sold "as is," the vehicle is not a recreational
5 vehicle as defined in Section 18215.5 of the Health and Safety
6 Code, the mileage on the vehicle at the time of the return does not
7 exceed the mileage at delivery by more than 250 miles, and the
8 vehicle is in substantially the same condition as at delivery or, (B)
9 a longer period as specified in the sale contract, so long as the
10 contract does not impose any conditions that are more restrictive
11 than those set forth in paragraph (A).

12 (2) In order to cancel a contract under this section, the buyer
13 shall give written notice of cancellation to the seller at the address
14 specified in the contract within the applicable timeframe set forth
15 in subdivision (a) and return the used vehicle to the seller's place
16 of business prior to close of business on the third day after taking
17 delivery of the vehicle. The vehicle shall be returned in
18 substantially the same condition as at delivery, excluding normal
19 wear and tear. A used motor vehicle that is returned with damage
20 sustained as a result of a defect existing at the time of sale shall be
21 deemed to be "in substantially the same condition as at delivery"
22 for the purposes of this section.

23 (3) Notice of cancellation, if given by mail, is effective when
24 postmarked by the United States Postal Service properly
25 addressed with postage prepaid.

26 (4) Notice of cancellation given by the buyer need not take any
27 particular form, as long as it is written, and, however expressed,
28 is effective if it indicates the intention of the buyer to return the
29 vehicle and not to be bound by the motor vehicle conditional sale
30 contract.

31 (5) (A) Upon the return of the vehicle, the seller shall cancel
32 the contract and provide the buyer with a full refund, including that
33 portion of the sales tax attributable to amounts excluded pursuant
34 to Section 6012.3 of the Revenue and Taxation Code, minus the
35 following allowable deductions as deemed necessary by the seller:

36 (i) A reasonable offset for mileage added to the odometer after
37 delivery, calculated by dividing the purchase price of the motor
38 vehicle by 120,000 miles, and multiplying by the number of miles
39 added to the odometer after delivery.

(ii) If the vehicle was free of mechanical or structural defects at the time of sale, the seller may charge a restocking fee of either 2.5 percent of the purchase price or five hundred dollars (\$500), whichever is less, for vehicles with a purchase price up to and including sixty thousand dollars (\$60,000), or 2.5 percent of the purchase price for vehicles with a purchase price exceeding (\$60,000), whichever is applicable.

(iii) Reasonable reimbursement for any nonsubstantial damage occurring during the buyer's possession of the vehicle, such as stains, scratches, or missing parts or accessories.

(B) For purposes of subparagraph (A), a "full refund" shall include the motor vehicle the buyer left with the seller as a downpayment or trade-in. If the seller has sold or otherwise transferred title to the motor vehicle that was left as a downpayment or trade-in, the "full refund" shall include the fair market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(b) A motor vehicle sale contract, including a conditional sale contract, for the sale of a used motor vehicle, except a recreational vehicle as defined in Section 18215.5 of the Health and Safety Code, shall contain in immediate proximity to the space reserved for the buyer's signature, a conspicuous statement, written in the same language as that principally used in the oral sales presentation, in a size equal to at least 10-point boldface type, reading as follows:

"If this purchase is for a used vehicle that is not being sold "as is," you, the buyer, may return the vehicle and cancel this transaction at any time prior to the close of the seller's place of business on the third day after taking delivery, if you do not drive it more than 250 miles, you return the vehicle in substantially the same condition as at delivery, and you provide written notice of cancellation to the seller at _____ (seller's address). Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid and postmarked by the United States Postal Service. The notice of cancellation need not take any particular form, as long as it is written and it indicates your intention to cancel this transaction. You may also be required to reimburse the seller a restocking fee, mileage fee, and for any

1 nonsubstantial damage, such as stains, scratches, or missing
2 accessories.”

3 (c) If the seller of a motor vehicle arranges a loan, arranges
4 financing, makes a credit sale, sells or otherwise transfers a
5 conditional sale contract, or makes a similar transaction for the
6 buyer, the seller shall clearly and conspicuously disclose to the
7 buyer each buyer’s three-digit credit score, as defined in Section
8 1785.15.1, obtained from a credit reporting agency, on a separate
9 sheet of paper, at least 8½ inches wide and 11 inches long, with
10 the name and address of the seller at the top, written in the same
11 language as that used in the contract, in at least 10-point boldface
12 type, reading as follows:

13 “Notice to buyer of vehicle with vehicle identification number
14 ____: Your credit score obtained by the dealer to evaluate your
15 credit history for this purchase, as calculated by ____, is ____.”

16 (d) If the seller of a motor vehicle arranges a loan, arranges
17 financing, makes a credit sale, sells or otherwise transfers a
18 conditional sale contract, or makes a similar transaction and the
19 purchase or lease includes the sale of service contracts or
20 maintenance plans, insurance products, theft deterrent or
21 protection products, “GAP” protection products, and exterior or
22 interior surface protection, the seller shall provide the buyer a clear
23 and conspicuous written disclosure regarding each item, in the
24 same language as that used in the contract, in at least 12-point
25 boldface type, on a page at least 8½ inches wide by 11 inches long,
26 that includes the name and address of the seller at the top, and the
27 date of the contract and reading as follows:

28 “Notice to the buyer of vehicle with vehicle identification
29 number ____: (1) You have agreed to purchase the following
30 additional item: _____. (2) The price of this item if you pay cash is:
31 \$_____. (3) If included in the financing of the vehicle, your actual
32 monthly cost to finance this item is: \$_____/month, and your total
33 cost for this item over the life of the credit agreement is: \$_____.”

34 (e) For the purposes of this section, “seller” means a person
35 *primarily* engaged in the business of selling or leasing motor
36 vehicles under any motor vehicle sale contract, including a
37 conditional sale contract. “Seller” does not include a private
38 individual who is not required to be licensed to sell vehicles in
39 California.

40 SEC. 4. Section 2982.5 of the Civil Code is amended to read:

1 2982.5. (a) This chapter may not be deemed to affect a loan,
2 or the security therefor, between a purchaser of a motor vehicle and
3 a supervised financial organization, other than the seller of the
4 motor vehicle, all or a portion of which loan is used in connection
5 with the purchase of a motor vehicle. As used in this chapter,
6 “supervised financial organization” means a person organized,
7 chartered, or holding a license or authorization certificate under a
8 law of this state or the United States to make loans and subject to
9 supervision by an official or agency of this state or the United
10 States.

11 (b) This chapter may not be deemed to prohibit the seller’s
12 assisting the buyer in obtaining a loan upon any security from any
13 third party to be used as a part or all of the downpayment or any
14 other payment on a conditional sale contract or purchase order;
15 provided that the conditional sale contract sets forth on its face the
16 amount of the loan, the finance charge, the total thereof, the
17 number of installments scheduled to repay the loan and the amount
18 of each installment, that the buyer may be required to pledge
19 security for the loan, which security shall be mutually agreed to by
20 the buyer and the lender and notice to the buyer in at least 8-point
21 type that he or she is obligated for the installment payments on both
22 the conditional sale contract and the loan. The seller may not
23 provide any security or other guarantee of payment on the loan, nor
24 shall the seller receive any commission or other remuneration for
25 assisting the buyer to obtain the loan. If the buyer obligates himself
26 or herself to purchase, or receives possession of, the motor vehicle
27 prior to securing the loan, and if the buyer upon appropriate
28 application for the loan is unable to secure the loan, on the
29 conditions stated in the conditional sale contract, the conditional
30 sale contract or purchase order shall be deemed rescinded and all
31 consideration thereupon shall be returned by the respective parties
32 without demand.

33 (c) The proceeds of any loan payable to the seller after the date
34 of the contract but prior to the due date of the second payment
35 otherwise scheduled thereunder may not be subject to a finance
36 charge and the amount thereof shall be disclosed pursuant to
37 subparagraph (D) of paragraph (6) of subdivision (a) of Section
38 2982.

39 (d) This chapter may not be deemed to prohibit the seller’s
40 assisting the buyer in obtaining a loan from any third party to be

1 used to pay for the full purchase price, or any part thereof, of a
2 motor vehicle, if each of the following provisions applies:

3 (1) The loan may be upon any security, but except as provided
4 in paragraph (2), the loan may not be secured in whole or in part
5 by a lien on real property. Any lien on real property taken in
6 violation of this section shall be void and unenforceable.

7 (2) A lien on real property may be taken to secure a loan of
8 seven thousand five hundred dollars (\$7,500) or more used to pay
9 the full purchase price, or any part thereof, of a recreational
10 vehicle, as defined in Section 18010 of the Health and Safety
11 Code, which is not less than 20 feet in length.

12 (3) The provisions of Sections 2983.2, 2983.3, and 2984.4
13 shall apply to the loan, but may not authorize the lender or the
14 lender's successor in interest to charge for any costs, fees, or
15 expenses or to obtain any other benefit which the lender is
16 prohibited from charging or obtaining under any regulatory law
17 applicable to the lender. Notwithstanding this paragraph, the
18 provisions of Sections 2983.2 and 2983.3 may not apply to a loan
19 made by a lender licensed under Division 9 (commencing with
20 Section 22000) or Division 10 (commencing with Section 24000)
21 of the Financial Code.

22 (4) The lender or the lender's successor in interest shall be
23 subject to all claims and defenses which the buyer could assert
24 against the seller, but liability may not exceed the amount of the
25 loan.

26 (5) If the buyer becomes obligated to purchase, or receives
27 possession of, the motor vehicle prior to obtaining the loan, the
28 agreement between the buyer and the seller shall set forth on its
29 face the amount of the loan, the finance charge, the total thereof,
30 the number of installments scheduled to repay the loan and the
31 amount of each installment, that the buyer may be required to
32 pledge security for the loan, which security must be mutually
33 agreed to by the buyer and the lender, and notice to the buyer in at
34 least 8-point type that the buyer is obligated for the installment
35 payments on the loan and for any payments which may be due on
36 the agreement between the buyer and the seller. The seller may not
37 provide any security or other guarantee of payment on the loan,
38 and the seller may not receive any commission or other
39 remuneration for assisting the buyer to obtain the loan. If the buyer
40 upon proper application for the loan is unable to obtain the loan,

1 on the condition stated in the agreement between the buyer and the
2 seller, the agreement shall be deemed rescinded and all
3 consideration thereupon shall be returned by the respective parties
4 without demand.

5 (6) Any waiver by the buyer of the provisions of this section
6 shall be void and unenforceable.

7 This subdivision does not apply to state or federally chartered
8 banks and savings and loan associations and may not be construed
9 to affect existing law regarding a seller's assisting a buyer to obtain
10 a loan from a bank or savings and loan association or any loan
11 obtained by the buyer from those lenders.

12 SEC. 5. Section 2982.10 is added to the Civil Code, to read:

13 2982.10. (a) In consideration of an assignment of a
14 conditional sale contract, the seller may not receive or accept from
15 the assignee any payment or credit based upon any amount
16 collected or received, or to be collected or received, under the
17 contract as a finance charge except to the extent the payment or
18 credit does not exceed the amount that would be calculated in
19 accordance with Regulation Z, whether or not Regulation Z
20 applies to the contract, as the contract's finance charge using, for
21 purposes of the calculation, an annual percentage rate equal to—
22 $2\frac{1}{2}$ percent for a contract having an original scheduled term of 60
23 monthly payments or less or ~~one~~ 2 percent for a contract having
24 an original scheduled term of more than 60 monthly payments.

25 (b) This section does not apply in any of the following
26 circumstances:

27 (1) Assignment with full recourse or under other terms
28 requiring the seller to bear the entire risk of financial performance
29 of the buyer.

30 (2) Assignment more than six months following the date of the
31 conditional sale contract.

32 (3) Isolated instances resulting from bona fide errors that
33 would otherwise constitute a violation of subdivision (a) if the
34 seller maintains reasonable procedures to guard against any such
35 errors and promptly upon notice of the error remits to the buyer any
36 consideration received in excess of that permitted by subdivision
37 (a).

38 (c) For purposes of this section, "seller" means a person
39 primarily engaged in the business of selling or leasing motor
40 vehicles under a conditional sales contract to a consumer.



1 SEC. 6. Section 6012.3 is added to the Revenue and Taxation
2 Code, to read:

3 6012.3. For purposes of this part, “gross receipts” and “sales
4 price” do not include that portion of the sales price returned to the
5 purchaser of a used motor vehicle pursuant to Section 2982.2 of
6 the Civil Code.

7 SEC. 7. Section 11709.2 of the Vehicle Code is amended to
8 read:

9 11709.2. Every dealer shall conspicuously display a notice,
10 not less than 8 inches high and 10 inches wide, in each sales office
11 and sales cubicle of a dealer’s established place of business where
12 written terms of specific sale or lease transactions are discussed
13 with prospective purchasers or lessees, and in each room of a
14 dealer’s established place of business where sale and lease
15 contracts are regularly executed, which states the following:

16
17 “THERE IS A 3-DAY COOLING OFF PERIOD FOR SALES
18 OF USED VEHICLES, EXCEPT RECREATIONAL
19 VEHICLES, CONSIGNMENT SALES, OR VEHICLES SOLD
20 “AS IS”
21

22 California law provides for a “cooling off” or cancellation
23 period for sales of used vehicles, except recreational vehicles,
24 consignment sales, or vehicles sold “as is,” if the vehicle is
25 returned in substantially the same condition within 3 days and has
26 been driven no more than 250 miles.

27
28
29 “THERE IS NO COOLING OFF PERIOD ON SALES OF
30 NEW VEHICLES
31

32 California law does not provide for a “cooling off” or other
33 cancellation period for sales of new vehicles. Therefore, you
34 cannot later cancel such a contract simply because you changed
35 your mind, decided the vehicle cost too much, or wished you had
36 acquired a different vehicle. After you sign a motor vehicle
37 purchase or lease contract, it may only be canceled with the
38 agreement of the seller or lessor or for legal cause, such as fraud.”
39

1 SEC. 8. Section 11713.1 of the Vehicle Code is amended to
2 read:

3 11713.1. It is a violation of this code for the holder of any
4 dealer's license issued under this article to do any of the following:

5 (a) Advertise any specific vehicle for sale without identifying
6 the vehicle by its model, model-year, and either its license number
7 or that portion of the vehicle identification number that
8 distinguishes the vehicle from all other vehicles of the same make,
9 model, and model-year. Model-year is not required to be
10 advertised for current model-year vehicles. Year models are no
11 longer current when ensuing year models are available for
12 purchase at retail in California. Any advertisement that offers for
13 sale a class of new vehicles in a dealer's inventory, consisting of
14 five or more vehicles, that are all of the same make, model, and
15 model-year is not required to include in the advertisement the
16 vehicle identification numbers or license numbers of those
17 vehicles.

18 (b) Advertise the total price of a vehicle without including all
19 costs to the purchaser at time of sale, except taxes, vehicle
20 registration fees, the California tire fee, as defined in Section
21 42885 of the Public Resources Code, emission testing fees not
22 exceeding fifty dollars (\$50), actual fees charged for certificates
23 pursuant to Section 44060 of the Health and Safety Code, finance
24 charges, and any dealer document preparation charge. The dealer
25 document preparation charge shall not exceed forty-five dollars
26 (\$45).

27 (c) (1) Exclude from an advertisement of a vehicle for sale that
28 there will be added to the advertised total price at the time of sale,
29 charges for sales tax, vehicle registration fees, the California tire
30 fee, the fee charged by the state for the issuance of any certificate
31 of compliance or noncompliance pursuant to any statute, finance
32 charges, and any dealer document preparation charge.

33 (2) The obligations imposed by paragraph (1) shall be satisfied
34 by adding to the advertisement a statement containing no
35 abbreviations and that is worded in substantially the following
36 form: "Plus government fees and taxes, any finance charges, any
37 dealer document preparation charge, and any emission testing
38 charge."

39 (3) For purposes of paragraph (1), "advertisement" means any
40 advertisement in a newspaper, magazine, or direct mail

publication that is two or more columns in width or one column in width and more than seven inches in length, or on any Web page of a dealer's Web site that displays the price of a vehicle offered for sale on the Internet, as that term is defined in paragraph (6) of subdivision (e) of Section 17538 of the Business and Professions Code.

(d) Represent the dealer document preparation charge or certificate of compliance or noncompliance fee, as a governmental fee.

(e) Fail to sell a vehicle to any person at the advertised total price, exclusive of taxes, vehicle registration fees, the California tire fee, the fee charged by the state for the issuance of any certificate of compliance or noncompliance pursuant to any statute, finance charges, mobilehome escrow fees, the amount of any city, county, or city and county imposed fee or tax for a mobilehome, and any dealer document preparation charge, which charges shall not exceed forty-five dollars (\$45) for the document preparation charge and not to exceed fifty dollars (\$50) for emission testing plus the actual fees charged for certificates pursuant to Section 44060 of the Health and Safety Code, while the vehicle remains unsold, unless the advertisement states the advertised total price is good only for a specified time and the time has elapsed. Advertised vehicles shall be sold at or below the advertised total price, with statutorily permitted exclusions, regardless of whether the purchaser has knowledge of the advertised total price.

(f) (1) Advertise for sale, sell, or purchase for resale any new vehicle of a line-make for which the dealer does not hold a franchise.

(2) This subdivision does not apply to any transaction involving any of the following:

(A) A mobilehome.

(B) A recreational vehicle as defined in Section 18010 of the Health and Safety Code.

(C) A commercial coach, as defined in Section 18001.8 of the Health and Safety Code.

(D) An off-highway motor vehicle subject to identification as defined in Section 38012.

(E) A manufactured home.

1 (F) A new vehicle that will be substantially altered or modified
2 by a converter prior to resale.

3 (G) A commercial vehicle with a gross vehicle weight rating of
4 more than 10,000 pounds.

5 (H) A vehicle purchased for export and exported outside the
6 territorial limits of the United States without being registered with
7 the department.

8 (g) Sell a park trailer, as specified in Section 18009.3 of the
9 Health and Safety Code, without disclosing in writing to the
10 purchaser that a park trailer is required to be moved by a
11 transporter or a licensed manufacturer or dealer under a permit
12 issued by the Department of Transportation or a local authority
13 with respect to highways under their respective jurisdictions.

14 (h) Advertise free merchandise, gifts, or services provided by
15 a dealer contingent on the purchase of a vehicle. The term “free”
16 includes merchandise or services offered for sale at a price less
17 than the seller’s cost of the merchandise or services.

18 (i) Advertise vehicles, and related goods or services, at a
19 specified dealer price, with the intent not to supply reasonably
20 expectable demand, unless the advertisement discloses the number
21 of vehicles in stock at the advertised price. In addition, whether or
22 not there are sufficient vehicles in stock to supply a reasonably
23 expectable demand, when phrases such as “starting at,” “from,”
24 “beginning as low as,” or words of similar import are used in
25 reference to an advertised price, the advertisement shall disclose
26 the number of vehicles available at that advertised price.

27 For purposes of this subdivision, in any newspaper
28 advertisement for a vehicle that is two model-years old or newer,
29 the actual phrase that states the number of vehicles in stock at the
30 advertised price shall be (1) printed in a type size that is at least
31 equal to one-quarter of the type size, and in the same style and color
32 of type, used for the advertised price, however, in no case shall the
33 phrase be printed in less than 8-point type size, and (2) be disclosed
34 immediately above, below, or beside the advertised price without
35 any intervening words, pictures, marks, or symbols.

36 The disclosure required by this subdivision is in addition to any
37 other disclosure required by this code or any regulation regarding
38 identifying vehicles advertised for sale.

39 (j) Use the term “rebate” or similar words such as “cash back”
40 in advertising the sale of a vehicle unless the rebate is expressed

1 in a specific dollar amount and is in fact a rebate offered by the
2 vehicle manufacturer or distributor directly to the retail purchaser
3 of the vehicle or to the assignee of the retail purchaser.

4 (k) Require a person to pay a higher price for a vehicle and
5 related goods or services for receiving advertised credit terms than
6 the cash price the same person would have to pay to purchase the
7 same vehicle and related goods or services. For the purpose of this
8 subdivision, “cash price” has the meaning as defined in
9 subdivision (e) of Section 2981 of the Civil Code.

10 (l) Advertise a guaranteed trade-in allowance.

11 (m) Misrepresent the authority of a salesperson, representative,
12 or agent to negotiate the final terms of a transaction.

13 (n) (1) Use the terms “invoice,” “dealer’s invoice,”
14 “wholesale price,” or similar terms that refer to a dealer’s cost for
15 a vehicle in an advertisement for the sale of a vehicle or advertise
16 that the selling price of a vehicle is above, below, or at either of the
17 following:

18 (A) The manufacturer’s or distributor’s invoice price to a
19 dealer.

20 (B) A dealer’s cost.

21 (2) This subdivision does not apply to either of the following:

22 (A) Any communication occurring during face-to-face
23 negotiations for the purchase of a specific vehicle if the
24 prospective purchaser initiates a discussion of the vehicle’s
25 invoice price or the dealer’s cost for that vehicle.

26 (B) Any communication between a dealer and a prospective
27 commercial purchaser that is not disseminated to the general
28 public. For purposes of this subparagraph, a “commercial
29 purchaser” means a dealer, lessor, lessor-retailer, manufacturer,
30 remanufacturer, distributor, financial institution, governmental
31 entity, or person who purchases 10 or more vehicles during a year.

32 (o) Violate any law prohibiting bait and switch advertising,
33 including, but not limited to, the guides against bait advertising set
34 forth in Part 238 (commencing with Section 238) of Title 16 of the
35 Code of Federal Regulations, as those regulations read on January
36 1, 1988.

37 (p) Make any untrue or misleading statement indicating that a
38 vehicle is equipped with all the factory installed optional
39 equipment the manufacturer offers, including, but not limited to,
40 a false statement that a vehicle is “fully factory equipped.”

(q) Affix on any new vehicle a supplemental price sticker containing a price that represents the dealer's asking price which exceeds the manufacturer's suggested retail price unless all of the following occur:

(1) The supplemental sticker clearly and conspicuously discloses in the largest print appearing on the sticker, other than the print size used for the dealer's name, that the supplemental sticker price is the dealer's asking price, or words of similar import, and that it is not the manufacturer's suggested retail price.

(2) The supplemental sticker clearly and conspicuously discloses the manufacturer's suggested retail price.

(3) The supplemental sticker lists each item which is not included in the manufacturer's suggested retail price, and discloses the additional price of each item. If the supplemental sticker price is greater than the sum of the manufacturer's suggested retail price and the price of the items added by the dealer, then the supplemental sticker price shall set forth that difference and describe it as "added mark-up."

(r) Advertise any underselling claim, such as "we have the lowest prices" or "we will beat any dealer's price," unless the dealer has conducted a recent survey showing that the dealer sells its vehicles at lower prices than any other licensee in its trade area and maintains records to adequately substantiate the claims. The substantiating records shall be made available to the department upon request.

(s) Advertise any incentive offered by the manufacturer or distributor if the dealer is required to contribute to the cost of the incentive as a condition of participating in the incentive program, unless the dealer discloses in a clear and conspicuous manner that dealer participation may affect consumer cost.

For purposes of this subdivision, "incentive" means anything of value offered to induce people to purchase a vehicle, including, but not limited to, discounts, savings claims, rebates, below-market finance rates, and free merchandise or services.

(t) Display or offer for sale any used vehicle unless there is affixed to the vehicle the Federal Trade Commission's Buyer's Guide as required by Part 455 of Title 16 of the Code of Federal Regulations.

(u) Fail to disclose in writing to the franchisor of a new motor vehicle dealer the name of the purchaser, date of sale, and the

1 vehicle identification number of each new motor vehicle sold of
2 the line-make of that franchisor, or intentionally submit to that
3 franchisor a false name for the purchaser or false date for the date
4 of sale.

5 (v) Enter into a contract for the retail sale of a motor vehicle
6 unless the contract clearly and conspicuously discloses whether
7 the vehicle is being sold as a new vehicle or a used vehicle, as
8 defined in this code.

9 (w) Use a simulated check, as defined in subdivision (a) of
10 Section 22433 of the Business and Professions Code, in an
11 advertisement for the sale or lease of a vehicle.

12 (x) Fail to disclose, in a clear and conspicuous manner in at
13 least 10-point bold type on the face of any contract for the retail
14 sale of a new motor vehicle that this transaction is, or is not, subject
15 to a fee received by an autobroker from the selling new motor
16 vehicle dealer, and the name of the autobroker, if applicable.

17 (y) As used in this section, the terms “make” and “model”
18 have the same meaning as is provided in Section 565.3 of Title 49
19 of the Code of Federal Regulations.

20 (z) Advertise for sale or sell a used vehicle as “certified” or use
21 any similar descriptive term in the advertisement or the sale of a
22 used vehicle that implies the vehicle has been certified to meet the
23 terms of a used vehicle certification program unless:

24 (1) The vehicle has not sustained damage that substantially
25 impairs its use, ~~value~~, or safety to the buyer.

26 (2) The odometer on the vehicle indicates actual mileage, and
27 has not been rolled back or otherwise altered to show fewer miles,
28 or replaced with an odometer showing fewer miles than actually
29 driven.

30 (3) The dealer has no actual knowledge that the vehicle has
31 been repurchased by a dealer or manufacturer pursuant to a state
32 or federal warranty statute.

33 (4) The title to the vehicle has not been inscribed with the
34 notation “Lemon Law Buyback,” “manufacturer repurchase,”
35 “salvage,” “junk,” “nonrepairable,” “flood,” or similar
36 designation or title designation required by this state or another
37 state.

38 (5) The vehicle has been inspected by a technician or
39 technicians qualified to inspect for collision repair and mechanical
40 condition.

(6) Prior to sale, the dealer provides the buyer with a completed inspection report indicating all the components inspected pursuant to the vehicle certification program and whether they meet the standards of the vehicle certification program.

(7) The dealer does not disclaim any warranties of merchantability on the vehicle.

(8) The vehicle is not sold “AS IS.”

(aa) (1) Nothing in subdivision (z) shall be construed to require that a seller offer a “certified” vehicle program.

(2) For purposes of this section, “dealer” means a person licensed pursuant to this article and primarily engaged in the business of selling or leasing motor vehicles under a conditional sale contract to a consumer.

(3) All requirements in subdivision (z) are minimum requirements, and do not preclude a seller from offering a “certification” program that is more protective of the buyer.

SEC. 9. Section 11713.16 is added to the Vehicle Code, to read:

11713.16. (a) It is unlawful and a violation of this code for a dealer to do any of the following:

(1) Negotiate the terms of a vehicle sale or lease contract and then add charges to the contract for any goods or services without previously disclosing the costs to the buyer of the goods and services to be added and obtaining the buyer’s consent.

(2) Inflate the amount of any installment payment or down payment or extend the maturity of a sale or lease contract for the purpose of disguising the actual charges for goods or services to be added by the dealer to the contract.

(b) For purposes of this section, the following terms have the following meanings:

(1) “Dealer” means a person primarily engaged in the business of selling or leasing motor vehicles under a conditional sale contract to a consumer.

(2) “Goods or services” means any type of good or service, including, but not limited to, insurance and service contracts.

SEC. 10. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the

1 penalty for a crime or infraction, within the meaning of Section
2 17556 of the Government Code, or changes the definition of a
3 crime within the meaning of Section 6 of Article XIII B of the
4 California Constitution.

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